

### PLAN OF DISTRIBUTION

The Secured Notes being offered hereby are being offered by the Initial Purchaser pursuant to a purchase agreement (the "Note Purchase Agreement") with the Co-Issuers. The Income Notes and the Class Q Combination Notes being offered hereby are being offered by the Placement Agent pursuant to a placement agency agreement (the "Placement Agreement") with the Issuer. The Notes are being offered to prospective purchasers from time to time in negotiated transactions at varying prices to be determined in each case at the time of sale and in accordance with the restrictions set forth in "Purchase and Sale Restrictions".

The Note Purchase Agreement provides that the obligations of the Initial Purchaser to purchase the Secured Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchaser must purchase all of the Secured Notes if it purchases any of the Secured Notes.

A fund managed by the Manager is expected to purchase U.S.\$2,000,000 of the Income Notes on the Closing Date.

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each of the Initial Purchaser and Placement Agent has represented and agreed, and each future dealer will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes to the public in that Relevant Member State, prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State, or where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Co-Issuers of a prospectus pursuant to article 3 of the Prospectus Directive;

for the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression Prospectus Directive means directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each of the Initial Purchaser and the Placement Agent will represent and warrant in the Note Purchase Agreement or Placement Agreement, as applicable, that (i) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Co-Issuers.

The Initial Purchaser, the Placement Agent and their Affiliates may have had in the past and may in the future have business relationships and dealings with one or more issuers of the Eligible Collateral Debt Securities and their Affiliates and may own equity or debt securities issued by such issuers or their affiliates. The Initial Purchaser, the Placement Agent or their Affiliates may have provided and may in the future provide investment

banking services to an issuer of Eligible Collateral Debt Securities or its affiliates and may have received or may receive compensation for such services.

The Issuer has agreed to indemnify the Initial Purchaser and the Placement Agent against certain liabilities, including liabilities under the Securities Act, and has agreed to contribute to payments that the Initial Purchaser and the Placement Agent may be required to make in respect thereof.

The Notes are offered when, as and if issued, subject to prior sale or withdrawal, cancellation or modification of the offer without notice and subject to approval of certain legal matters by counsel and certain other conditions.

The Notes will constitute new classes of securities with no established trading market. Such a market may or may not develop, but neither the Initial Purchaser nor the Placement Agent is under any obligation to make such a market, and if it makes such a market it may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, no assurances can be made as to the liquidity of or the trading market for the Notes.

#### LISTING AND GENERAL INFORMATION

1. Application will be made to the Irish Stock Exchange for the Listed Notes to be admitted to the Official List and to trading on its regulated market. There can be no assurance that such admission will be granted or, if granted, maintained.
2. For the life of this document, copies of the Articles of the Issuer and the Certificate of Incorporation and By-Laws of the Co-Issuer will be available for inspection and will be obtainable at the office of the Issuer where copies thereof may be obtained in electronic or physical form, upon request. The Indenture will be available for inspection during the term of the Notes at the Corporate Trust Office.
3. Financial statements of the Issuer and the Co-Issuer will not be prepared. The Issuer is not required by Cayman Islands law, and the Issuer does not intend, to publish annual reports and accounts. The Co-Issuer is not required by Delaware state law, and the Co-Issuer does not intend, to publish annual reports and accounts. The Indenture, however, requires the Issuer to provide the Trustee with written confirmation, on an annual basis, that to the best of its knowledge following review of the activities of the prior year, no Event of Default or other matter required to be brought to the Trustee's attention under the guidelines of the Irish Stock Exchange has occurred or, if one has, specifying the same.
4. The Co-Issuers have been established as special purpose vehicles for the purpose of issuing asset backed debt securities. Neither of the Co-Issuers is involved, or has been involved since incorporation, in any governmental, legal or arbitration proceedings relating to claims on amounts which may have or have had a material effect on the Co-Issuers in the context of the issue of the Notes, nor, so far as the Issuer or the Co-Issuer is aware, is any such governmental, legal or arbitration involving it pending or threatened.
5. The issuance of the Notes will be authorized by the board of directors of the Issuer by resolutions passed on or prior to the Closing Date. The co-issuance of the Co-Issued Notes will be authorized by the board of directors of the Co-Issuer by a resolution passed on or prior to the Closing Date. Since incorporation, neither the Issuer nor the Co-Issuer has commenced trading, established any accounts or declared any dividends, except for the transactions described herein relating to the issuance of the Notes.
6. It is expected that the total expenses relating to the application for admission of the Listed Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be approximately €20,000.

**CERTAIN LEGAL MATTERS**

Certain legal matters with respect to the Notes will be passed upon for the Co-Issuers as to United States law by Milbank, Tweed, Hadley & McCloy LLP, New York, New York. Certain legal matters with respect to the Notes will be passed upon for the Issuer as to Cayman Islands law by Maples and Calder, Cayman Islands. Certain legal matters with respect to the Manager will be passed upon for the Manager by White & Case LLP, New York, New York. No separate counsel has been appointed to represent the Holders of any Class of Notes.

## GLOSSARY

"Accounts" means any of the Custodial Account, the Collection Account, the Expense Reserve Account, the Hedge Collateral Account, the Hedge Termination Receipts Account, the Hedge Replacement Account, the Payment Account, the CDS Asset Collateral Account, the Reserve Account, the Class A1 Mandatory Note Funding Reserve Account, the CDS Asset Issuer Account, the Cashflow Swap Collateral Account and the Covered Short CDS Asset Collateral Account.

"Accredited Investor" means an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act.

"Accrued Interest Purchased With Principal" means, with respect to any Payment Date, all payments of interest received or amounts collected that are attributable to interest received during the related Period on the Collateral Obligations to the extent such payments or amounts constitute accrued interest purchased with Principal Collections except for interest accrued on the Eligible Collateral Debt Securities prior to the Closing Date.

"Additional Fixed Amounts" means, with respect to any CDS Asset, amounts payable from time to time by the related CDS Asset Counterparty to the Issuer in respect of any Writedown Reimbursement, Principal Shortfall Reimbursement or Interest Shortfall Reimbursement (each as defined in the related CDS Asset) and any Second Additional Fixed Amounts.

"Administrative Expenses" means any fee, expense or indemnity payment due and payable by the Issuer that is not expressly prohibited under the Indenture to be paid by the Issuer, including, without limitation, any amount due to each of the Rating Agencies for ongoing surveillance fees and other fees and expenses in connection with any rating of the Notes or any credit estimates (which must be reapplied for or renewed annually). For the avoidance of doubt, Administrative Expenses will not include any amounts payable in respect of the Notes.

"Advisers Act" means the United States Investment Advisers Act of 1940, as amended.

"Affiliate" means, with respect to a Person, (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (b) any other Person who is a director, officer or employee (i) of such Person, (ii) of any subsidiary or parent company of such Person or (iii) of any Person described in clause (a) above; *provided* that control of a Person will mean the power, direct or indirect, (x) to vote more than 50% of the securities having ordinary voting power for the election of directors of such Person or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding the foregoing, with respect to the Issuer, "Affiliate" will be deemed not to include the Administrator (solely acting as such) or any entity which the Administrator (solely acting as such) controls or administers.

"Applicable Class A1 Swap Notional Amount" means, on any date of determination, the amount that is the lesser of (a) the Class A1 Swap Notional Amount and (b) the Net Aggregate Adjusted Notional Amount *minus* (i) the amount, if any, on deposit in the Capacity Subaccount of the Reserve Account and (ii) the amount, if any, on deposit in the CDS Asset Collateral Account.

"Applicable Issuer" means, with respect to any Co-Issued Notes or Class of Co-Issued Notes, each of the Issuer and the Co-Issuer, and with respect to any Non-Co-Issued Notes or Class of Non-Co-Issued Notes, the Issuer only.

"Applicable Recovery Rate" means, with respect to any Eligible Collateral Debt Security on any Measurement Date, the lower of the applicable Moody's Recovery Rate and the applicable S&P Recovery Rate for such Eligible Collateral Debt Security on such Measurement Date.

"Approved Ratings Threshold" means each of the S&P Approved Ratings Threshold and the Moody's Second Trigger Ratings Threshold.

"Available Funds" means, with respect to any Payment Date, the amount of any positive balance in the Payment Account as of such Payment Date (which amount, in the case of any Redemption Date or any other Payment Date on which the Principal Balance—Aggregate of all the Notes is being or has been paid in full, will include any amounts remaining in the other pledged accounts).

"Average Life" means, on any Measurement Date, with respect to any Eligible Collateral Debt Security (other than a Defaulted Security), the quotient obtained by the Manager by *dividing* (a) the sum of the products of (i) the number of years (rounded to the nearest one tenth thereof) from such Measurement Date to the respective dates of each expected distribution of principal of such Eligible Collateral Debt Security and (ii) the respective amounts of principal of such distributions by (b) the sum of all such distributions of principal on such Eligible Collateral Debt Security.

"Base Rate" means a fluctuating rate of interest determined by the Note Calculation Agent as being the rate of interest most recently announced by the Base Rate Reference Bank at its principal office as its base rate, prime rate, reference rate or similar rate for U.S. dollar loans. Changes in the Base Rate will take effect simultaneously with each change in the underlying rate.

"Base Rate Reference Bank" means initially, LaSalle Bank National Association, or if such bank ceases to exist or is not quoting a base rate, prime rate, reference rate or similar rate for U.S. dollar loans, such major money center commercial bank in New York City as is selected by the Note Calculation Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banking institutions in New York, New York or any city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

"Cash" means such coin or currency of the United States of America as at the time is legal tender for payment of all public and private debts.

"Cash Asset" means Eligible Collateral Debt Securities (other than CDS Assets and Covered Short CDS Assets) that, in each case, are purchased by the Issuer.

"Cashflow Swap Counterparty Ratings Requirement" means, with respect to any Cashflow Swap Ratings Determining Party, (a) either (i) both (x) the short-term unsecured debt rating of such Cashflow Swap Ratings Determining Party by Moody's is not lower than "P-1" (and is not "P-1" and has been placed and is remaining on credit watch with negative implications) and (y) the long-term senior, unsecured debt rating of such Cashflow Swap Ratings Determining Party by Moody's is not withdrawn, suspended or downgraded below "A3" or is not "A3" and has been placed and is remaining on credit watch with negative implications or (ii) if such Cashflow Swap Ratings Determining Party has no short-term unsecured debt rating from Moody's, the long-term senior, unsecured debt rating by Moody's of such Cashflow Swap Ratings Determining Party is at least "A1" and is not "A1" and has been placed and is remaining on credit watch with negative implications and (b) the short-term unsecured debt rating of such Cashflow Swap Ratings Determining Party is not lower than "A-1" by S&P and has been placed and is remaining on credit watch with negative implications.

"Cashflow Swap—Deferred Shortfall Amount" means, for each Payment Date, the aggregate amount of all scheduled interest payments (other than payments of additional interest) on Eligible Collateral Debt Securities which were, during the related Period, deferred or paid "in kind" in accordance with the terms of such Eligible Collateral Debt Securities, which deferral or payment "in kind" does not constitute an event of default pursuant to the terms of the related Eligible Collateral Debt Securities.

"Cashflow Swap Fee Payment" means the "Cashflow Swap Fee Payment" as calculated pursuant to the Cashflow Swap Agreement.

"Cashflow Swap—Interest Rate" has the meaning given thereto in the Cashflow Swap Agreement.



"Cashflow Swap—Interest Shortfall Amount" means for each Payment Date, the amount, if any, by which (a) the sum of (i) the Class A1 Option Fee and (ii) the amount of interest required to be paid to the Holders of the Class A Notes and the Class S Notes (in the case of the Class S Notes only with respect to amounts due pursuant to clause (G)(iii) of the Priority of Payments—Interest Collections) on such Payment Date exceeds (b) the amounts (exclusive of any Cashflow Swap—Shortfall Amount owed by the Cashflow Swap Counterparty under the Cashflow Swap Agreement) available to be distributed to the Class A1 Swap Counterparty and the Holders of the Class A Notes and the Class S Notes (in the case of the Class S Notes only with respect to amounts due pursuant to clause (G)(iii) of the Priority of Payments—Interest Collections) on such Payment Date as the Class A1 Option Fee and interest, as applicable, in accordance with the Priority of Payments.

"Cashflow Swap Payment" means, with respect to the Cashflow Swap Agreement and any Payment Date, the amount, if any, then payable by the Issuer to the Cashflow Swap Counterparty, including any amounts so payable in respect of a termination of the Cashflow Swap Agreement, other than Cashflow Swap Payments—Defaulted and Cashflow Swap Fee Payment.

"Cashflow Swap Payments—Defaulted" means any termination payment required to be made by the Issuer to the Cashflow Swap Counterparty pursuant to the Cashflow Swap Agreement in the event of a termination of the Cashflow Swap Agreement in respect of which the Cashflow Swap Counterparty is the Defaulting Party or sole Affected Party (each as defined in the Cashflow Swap Agreement).

"Cashflow Swap Ratings Determining Party": (a) Unless clause (b) applies, the Cashflow Swap Counterparty or any transferee thereof or (b) any Affiliate of the Cashflow Swap Counterparty or any transferee thereof that unconditionally and absolutely guarantees with such form of guarantee meeting S&P's then-current criteria on guarantees the obligations of the Cashflow Swap Counterparty or such transferee, as the case may be, under the Cashflow Swap Agreement. For the purpose of this definition, no direct or indirect recourse against one or more shareholders of the Cashflow Swap Counterparty or any such transferee (or against any person in control of, or controlled by, or under common control with, any such shareholder) shall be deemed to constitute a guarantee, security or support of the obligations of the Cashflow Swap Counterparty or any such transferee.

"Cashflow Swap—Shortfall Amount" means for each Payment Date (so long as the Class A Notes and the Class S Notes are Outstanding), the amount equal to the lesser of: (a) the Cashflow Swap—Interest Shortfall Amount and (b) the Cashflow Swap—Deferred Shortfall Amount; *provided* that the Cashflow Swap—Deferred Shortfall Amount shall not include any amount that is attributable to any Eligible Collateral Debt Security that has not been sold or disposed of for more than two (2) years since becoming a PIKING Bond.

"Cashflow Swap—Suspension Event" means, with respect to any date of determination, an Event of Default described in clauses (i), (ii), (iv) or (vii) of the definition of "Events of Default" has occurred and is continuing; *provided* that no Cashflow Swap—Suspension Event will occur as a result of an Event of Default arising solely as a result of the failure of the Cashflow Swap Counterparty to pay any amount due on the Class A Notes or the Class S Notes.

"CDO Assets" means the underlying assets of a CDO Security.

"CDS Asset" means the credit default swaps or total rate of return swaps pursuant to which the Issuer is the seller of protection and which is in the form of a swap transaction that provides for a potential payment by the Issuer to a counterparty (which may be in exchange for delivery of a Deliverable Obligation from a CDS Asset Counterparty) in connection with a "credit event" or other similar circumstances with respect to one or more CDS Reference Obligations after the date upon which such CDS Asset is pledged to the Trustee and that satisfies the following:

- (a) on the Closing Date, the Net Aggregate Adjusted Notional Amount does not exceed the sum of the Class A1 Swap Notional Amount *plus* the amount, if any, on deposit in the Capacity Subaccount of the Reserve Account *plus* the amount, if any, on deposit in the CDS Asset Collateral Account, and on any subsequent determination date on which a CDS Asset is entered into the Issuer has a CDS Asset Capacity Amount at least equal to the aggregate of all further payments related to principal (contingent or otherwise, including the purchase of any Deliverable Obligation) and CDS

Asset/SCA Issuer Termination Payments that the Issuer is or may be required to make to the CDS Asset Counterparty under such CDS Asset to be entered into on such determination date;

- (b) the agreement relating to such CDS Asset contains "non-petition" provisions pursuant to which the CDS Asset Counterparty agrees not to cause the filing of a petition in bankruptcy against the Issuer and "limited recourse" provisions limiting the CDS Asset Counterparty's rights in respect of the CDS Asset to the funds and other property available pursuant to the Priority of Payments;
- (c) the agreement relating to such CDS Asset contains provisions to the effect that upon the occurrence of an "Event of Default" or "Termination Event" (other than an "Illegality" or "Tax Event"), if any, where the CDS Asset Counterparty is the sole "Defaulting Party" or the sole "Affected Party" ("Event of Default", "Termination Event", "Illegality", "Tax Event", "Defaulting Party" or "Affected Party", as applicable, as such terms are defined in the ISDA Master Agreement relating to such CDS Asset) (i) the Issuer may terminate its obligations under such CDS Asset and upon such termination, any lien or interest in favor of the CDS Asset Counterparty in the Collateral will be terminated, (ii) no termination payment will be payable by the Issuer to the CDS Asset Counterparty as a result of such termination or, if such termination payment is payable by the Issuer, it will be a payment payable on a Payment Date subordinated in the Priority of Payments and (iii) the Issuer will no longer be obligated to make any further payments to the CDS Asset Counterparty with respect to such CDS Asset;
- (d) no amounts receivable by the Issuer from the CDS Asset Counterparty will be subject to withholding tax, unless the issuer thereof or other obligor thereon is required to make additional payments sufficient to cover any withholding tax imposed at any time on payments made to the Issuer with respect thereto;
- (e) such CDS Asset is positively indexed to the CDS Reference Obligation on no more than a one-to-one basis; and
- (f) such CDS Asset either (i) (1) has a rating and a recovery rate assigned by each of the Rating Agencies, (2) its inclusion has been subject to a Rating Agency Confirmation from S&P and (3) has been approved by the Requisite Noteholders (so long as the Class A1 Swap Counterparty or the Holders of the Class A1 Notes or Pari Passu Classes are the Requisite Noteholders) or (ii) is documented on either (1) a Form-Approved ABS Asset Agreement or (2) a Form-Approved CDO Asset Agreement.

"CDS Asset Capacity Amount" means, as of any date of determination, (a) the sum of (i) the Class A1 Swap Notional Amount, (ii) the amounts on deposit in the Capacity Subaccount of the Reserve Account and (iii) the amounts on deposit in the CDS Asset Collateral Account, *minus* (b) the Net Aggregate Adjusted Notional Amount.

"CDS Asset Counterparty" means, with respect to any CDS Asset, the entity (or guarantor or similar credit support provider of such entity's obligations pursuant to an irrevocable and unconditional guarantee or similar credit support instrument) that is required to make payments on such CDS Asset to the Issuer to the extent specified therein, and which is required to (a) have (i) (1) a short-term rating of at least "P-1" by Moody's (which, if rated "P-1" by Moody's, is not on negative credit watch for downgrade) and a long-term senior unsecured debt rating of at least "A1" by Moody's (which, if rated "A1" by Moody's, is not on negative credit watch for downgrade) or (2) a long-term senior unsecured debt rating of at least "Aa3" by Moody's (which, if rated "Aa3" by Moody's, is not on negative credit watch for downgrade) and (ii) a short-term rating of at least "A-1" by S&P or, if no short-term rating is available from S&P, a long-term rating of at least "A+" by S&P, in each case as of the date of purchase or entry into the CDS Asset by the Issuer and (b) be a dealer in derivatives.

"CDS Asset Counterparty Forbearance" means the agreement by a CDS Asset Counterparty that such CDS Asset Counterparty shall have no right whatsoever to declare an Event of Default, a Termination Event or an Additional Termination Event (each as defined in the applicable CDS Asset) under the related CDS Asset upon a failure thereunder on the part of the Issuer to pay any amount owing to such CDS Asset Counterparty, if the sole



cause of such failure to pay is a default on the part of the Class A1 Swap Counterparty (or any Class A1 Designee) to fund any Class A1 Note Funding.

"CDS Asset Counterparty Termination Payment" means, as the context may require, either (a) a payment required to be made by a CDS Asset Counterparty to the Issuer in connection with the early termination of a CDS Asset or (b) in connection with the early termination of two or more CDS Assets under a Master Agreement in circumstances where netting between transactions under the relevant Master Agreement is applicable, any net amount required to be paid by the CDS Asset Counterparty to the Issuer in connection with such early termination.

"CDS Asset Interest Payment" means any payment required to be made by the Issuer to the related CDS Asset Counterparty in respect of a CDS Interest Shortfall under a CDS Asset.

"CDS Asset Interest Reimbursement" means, with respect to a CDS Asset, a reimbursement to the Issuer of amounts received by the related CDS Asset Counterparty under the relevant CDS Reference Obligation in respect of a CDS Interest Shortfall previously incurred.

"CDS Asset Loss Payment" means, with respect to a CDS Asset, any CDS Asset Principal Payment, CDS Cash Settlement Payment or CDS Physical Settlement Payment payable by the Issuer to the related CDS Asset Counterparty.

"CDS Asset Payment" means any CDS Asset Loss Payment, CDS Asset Interest Payment or CDS Asset/SCA Issuer Termination Payment (other than any Subordinated CDS Asset/SCA Termination Payment), as the case may be.

"CDS Asset Principal Payment" means any payment required to be made by the Issuer to the related CDS Asset Counterparty in respect of a CDS Principal Shortfall under a CDS Asset.

"CDS Asset Principal Reimbursement" means, with respect to a CDS Asset, a reimbursement under the relevant CDS Reference Obligation of a CDS Principal Shortfall previously incurred.

"CDS Asset Writedown Reimbursement" means, with respect to a CDS Asset, a reimbursement payment required to be made by the related CDS Asset Counterparty to the Issuer under the relevant CDS Reference Obligation of a CDS Asset Writedown previously incurred.

"CDS Asset/SCA Issuer Termination Payment" means, as the context may require, either (a) a payment required to be made by the Issuer to the CDS Asset Counterparty in connection with the early termination of a CDS Asset or to the CDS Collateral Securities Counterparty in connection with an early termination (in whole or in part) of the CDS Collateral Agreement or (b) in connection with the early termination of two or more CDS Assets under a Master Agreement in circumstances where netting between transactions under the relevant Master Agreement is applicable, any net amount required to be paid by the Issuer to the applicable CDS Asset Counterparty in connection with such early termination; *provided* that a CDS Asset shall be required to provide that a CDS Asset/SCA Issuer Termination Payment may not exceed the Principal Balance of the CDS Asset or the outstanding principal amount of transactions under the CDS Collateral Agreement that are terminated, as applicable.

"CDS Cash Settlement Payment" means a payment made by the Issuer to a CDS Asset Counterparty upon such CDS Asset Counterparty's election of cash settlement with respect to all or a portion of the notional amount of the applicable CDS Asset.

"CDS Collateral Credit Enhancement Event" means an inability of the CDS Collateral Securities Counterparty to obtain credit enhancement in respect of a CDS Collateral Eligible Security caused by a failure of the Issuer to cause the delivery of such CDS Collateral Eligible Security in exchange for a custodial receipt as referenced in the CDS Collateral Agreement, to the extent that establishment of such custodial receipt is required for such credit enhancement.

"CDS Collateral Elective Withdrawal" means a reduction in the CDS Collateral Required Amount at the discretion of the Manager and with the consent of the CDS Collateral Securities Counterparty.

"CDS Collateral Elective Withdrawal Effective Date" means, with respect to a CDS Collateral Elective Withdrawal, the date specified in the related written request from the Manager as the first date on which amounts may be withdrawn from the CDS Asset Collateral Account in connection with such CDS Collateral Elective Withdrawal.

"CDS Collateral Eligible Securities" means a security

(a) that is either

(i) an Asset Backed Security that has (1) a short-term rating from S&P of "A-1+", or if no short-term rating is available from S&P, a long-term rating from S&P of "AAA" and (2) a long-term rating from Moody's of "Aaa" or a short-term rating from Moody's of "P-1"; or

(ii) an Eligible Investment;

(b) that is purchased at a price not in excess of its principal balance or principal amount (exclusive of any discount included therein), unless the CDS Collateral Securities Counterparty pays any accrued interest or other amount in excess thereof, if it will be subject to the CDS Collateral Agreement;

(c) that is Registered; and

(d) the income from or proceeds of disposition of which is not subject to reduction for or on account of withholding or similar tax;

*provided*, that such security may be purchased only if it will be subject to the CDS Collateral Agreement or Rating Agency Confirmation has been received with respect to such purchase.

"CDS Collateral Eligibility Criteria" means the criteria specified in the definition of "CDS Collateral Eligible Securities".

"CDS Collateral Excess" means the occurrence of the aggregate outstanding Principal Balance of the CDS Collateral Eligible Securities referenced by the CDS Collateral Agreement exceeding the CDS Collateral Required Amount.

"CDS Collateral Intraperiod Excess" means, on any Payment Date, the occurrence that the aggregate outstanding Principal Balance of the CDS Collateral Eligible Securities under the CDS Collateral Agreement is greater than the CDS Collateral Required Amount.

"CDS Collateral Investment DowngradeDowngrade" means, with respect to any CDS Collateral Eligible Security, such CDS Collateral Eligible Security is not rated at least "AA-" by S&P and at least "Aa3" by Moody's (or if rated "Aa3", is on watch for possible downgrade).

"CDS Collateral Ratings Event" means, with respect to the CDS Collateral Securities Counterparty, its (or, if it has a guarantor, its guarantor's) (a) (x) long-term senior unsecured debt or deposit rating by Moody's is lower than "A1" or (y) short-term senior unsecured debt or deposit rating by Moody's is lower than "P-1" or (b) (x) long term senior unsecured debt or deposit rating by S&P is lower than "AA-" or (y) short-term senior unsecured debt or deposit rating by S&P is lower than "A-1+";

"CDS Collateral Replacement Event" means, with respect to the CDS Collateral Securities Counterparty, its (or, if it has a guarantor, its guarantor's) (a) (x) long-term senior unsecured debt or deposit rating by Moody's is lower than "A3" and (y) short-term senior unsecured debt or deposit rating by Moody's is lower than "P-2" or (b) either (x) long-term senior unsecured debt or deposit rating by S&P is lower than "BBB-" (unless, upon a

downgrade of the CDS Collateral Securities Counterparty or its guarantor, as the case may be, below "BBB+" by S&P, the CDS Collateral Securities Counterparty or its guarantor delivers to the Trustee collateral of such types, in such amounts and at such times as are sufficient to maintain the then current rating of each Class of Notes by S&P) or (y) short-term senior unsecured debt or deposit rating by S&P is lower than "A-2" (unless the CDS Collateral Securities Counterparty or its guarantor, as the case may be, delivers within four Local Business Days (as defined in the CDS Collateral Agreement) of such CDS Collateral Replacement Event, at its own expense, a legal opinion of nationally recognized counsel confirming the ability of the Issuer to terminate the CDS Collateral Agreement and all related transactions and access any collateral posted by the CDS Collateral Securities Counterparty without application of the automatic stay or other interference upon the receivership of the CDS Collateral Securities Counterparty.

"CDS Collateral Required Amount" means the "Required Synthetic Collateral Notional Amount" as determined pursuant to the CDS Collateral Agreement.

"CDS Collateral Shortfall" means the occurrence of the CDS Collateral Required Amount exceeding the aggregate outstanding Principal Balance of the CDS Collateral Eligible Securities referenced by the CDS Collateral Agreement.

"CDS Collateral Voting Notice" means any notice provided by the Issuer to the CDS Collateral Securities Counterparty that it will or will not exercise any CDS Collateral Voting Rights in respect of the related CDS Collateral Eligible Securities in accordance with the instructions received by it from the CDS Collateral Securities Counterparty or its designee.

"CDS Collateral Voting Notice Cut-Off Date" means the date that is three Business Days after the Issuer receives voting instructions from the CDS Collateral Securities Counterparty or its designee.

"CDS Collateral Voting Rights" means, in respect of any CDS Collateral Eligible Security, any right of a holder of such CDS Collateral Eligible Security to exercise any voting rights with respect to such CDS Collateral Eligible Security or give any instructions or consent to any action or take any other action with respect to such CDS Collateral Eligible Security.

"CDS Collateral Voting Rights Event" means, with respect to the Issuer, that it: (a) issues a CDS Collateral Voting Notice to the effect that it will not exercise (or cause to be exercised) any CDS Collateral Voting Rights with respect to the related CDS Collateral Eligible Securities in accordance with the instructions received by it from the CDS Collateral Securities Counterparty or its designee; (b) fails to issue a CDS Collateral Voting Notice by or on the CDS Collateral Voting Notice Cut-Off Date; (c) fails to exercise, or cause to be exercised, any CDS Collateral Voting Rights in respect to a CDS Collateral Eligible Security in accordance with the instructions timely received by it from the CDS Collateral Securities Counterparty or its designee; or (d) fails to notify the CDS Collateral Securities Counterparty that any CDS Collateral Voting Rights are exercisable with respect to the related CDS Reference Obligor of which the Issuer has received notice.

"CDS Collateral Withholding Event" means, with respect to any holder of CDS Collateral Eligible Securities under the CDS Collateral Agreement, a reduction of any amounts representing interest and fees payable to such holder with the same tax status as the Issuer on account of any withholding taxes.

"CDS Fixed Amount" means, with respect to a CDS Asset or a Covered Short CDS Asset, a periodic amount paid by the CDS Asset Counterparty or Covered Short CDS Asset Counterparty to the Issuer, calculated as the product of a rate (referred to as the "Fixed Rate" in each CDS Asset) specified in such CDS Asset or Covered Short CDS Asset multiplied by the notional amount of such CDS Asset or Covered Short CDS Asset.

"CDS Interest Shortfall" means, with respect to any CDS Asset, a determination by the respective CDS Asset Counterparty that an "Interest Shortfall" (as defined in the relevant Pay-As-You-Go Confirmation) or similar event specified in the relevant confirmation with respect to the non-payment of a scheduled interest payment, in whole or in part, has occurred under the CDS Reference Obligation.

"CDS Issuer Up-Front Payment" means a payment required to be made by the Issuer to a CDS Asset Counterparty upon purchasing or entering into a CDS Asset.

"CDS Payment Priority" means the following order from which funds shall be drawn for the payment of any CDS Asset Interest Payments, CDS Asset Loss Payments and CDS Asset/SCA Issuer Termination Payments (other than CDS Issuer Up-Front Payments and Subordinated CDS Asset/SCA Termination Payments):

*first*, to the extent all or a portion of the CDS Asset Payments relate to a CDS Asset Interest Payment and to the extent that such CDS Asset Interest Payment has not been paid in full, in such order as the Manager may determine in its sole discretion, Interest Collections on deposit in the Collection Account or invested in Eligible Investments (whether or not available in Cash), and any investment income from such amounts on deposit in the Collection Account or such Eligible Investments, will be liquidated and the proceeds thereof will be used to make such CDS Asset Payments relating to CDS Asset Interest Payments until paid in full;

*second*, to the extent all or a portion of the CDS Asset Payments relate to a (a) CDS Asset Loss Payment or (b) CDS Asset/SCA Issuer Termination Payment (other than a Subordinated CDS Asset/SCA Termination Payment), and in each case to the extent that such payments have not been paid in full, in such order as the Manager may determine in its sole discretion, Principal Collections on deposit in the Collection Account or invested in Eligible Investments (whether or not available in Cash) will be liquidated and the proceeds thereof will be used to make such CDS Asset Payments until paid in full;

*third*, amounts on deposit in the Capacity Subaccount of the Reserve Account or Reserve Investments purchased with amounts on deposit in the Capacity Subaccount of the Reserve Account (whether or not available in Cash) will be liquidated and the proceeds thereof will be used to make such CDS Asset Payments until paid in full;

*fourth*, amounts on deposit in the CDS Asset Collateral Account or CDS Collateral Eligible Securities purchased with amounts on deposit in the CDS Asset Collateral Account (whether or not available in Cash) will be liquidated and the sale proceeds thereof will be used to make such CDS Asset Payments until paid in full;

*fifth*, a Class A1 Note Funding will be made on the Class A1 Swap Notional Amount (but only to the extent of such Class A1 Swap Notional Amount as of such date) and such Class A1 Swap will be used to make such CDS Asset Payments in accordance with the Indenture until paid in full; and

*provided that*, if two or more CDS Asset Counterparties are due a payment pursuant to the same clause set forth above on the same Business Day, the Trustee will apply such amounts *pro rata* (based on the amounts due and payable on such day) among the CDS Asset Counterparties regardless of the order in which they notified the Trustee that such amounts were due to them.

"CDS Physical Settlement Payment" means a payment made by the Issuer to a CDS Asset Counterparty upon such CDS Asset Counterparty's election of physical settlement with respect to all or a portion of the notional amount of the applicable CDS Asset.

"CDS Principal Shortfall" means, with respect to any CDS Asset, a determination by the respective CDS Asset Counterparty that a "Principal Shortfall Amount" exists or a "Writedown" has occurred (each as defined in the Pay-As-You-Go Confirmation), or similar event specified in the relevant confirmation with respect to the non-payment or forgiveness of principal, or a writedown or applied loss, has occurred under the CDS Reference Obligation.

"CDS Reference Obligation" means a debt obligation (other than a CDS Asset or Covered Short CDS Asset) upon which a CDS Asset or Covered Short CDS Asset is based and which debt obligation satisfies the provisions of the definition of "Eligible Collateral Debt Securities".

"CDS Reference Obligation Notional Amount" means the notional amount of a CDS Reference Obligation referenced by a CDS Asset owned by the Issuer, which shall exclude the notional amount of any CDS Reference Obligation under any CDS Asset to the extent that it is subject to a Covered Short CDS Asset.

"CDS Reference Obligor" means the obligor on a CDS Reference Obligation.

"Class" means all of (a) the Secured Notes having the same Periodic Interest Rate, Maturity Date—Stated and designation, (b) the Class Q Combination Notes and (c) the Income Notes, as applicable.

"Class A Notes" means the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes.

"Class A1 Eligible Investments" means Eligible Investments (maturing the day following the date of acquisition thereof) acquired (pursuant to a written direction from the Class A1 Swap Counterparty) with deposits in the Class A1 Mandatory Note Funding Reserve Account for the benefit of the Class A1 Swap Counterparty.

"Class A1 Eligible Noteholder" means any person that can make the representations required or deemed to be made by a Holder of a Class A1 Note pursuant to the Indenture.

"Class A1 Mandatory Note Funding" means, in the absence of an Event of Default pursuant to clause (vii) of the definition thereof and if (a) at any time the Class A1 Swap Counterparty is not CGML or an Affiliate thereof or (b) CGML, in its capacity as Class A1 Swap Counterparty, in its sole discretion at the written request of the Issuer, approves in writing the applicability in full of the Mandatory Funding/Ratings Provisions, a mandatory advancing of the Class A1 Swap Notional Amount in respect of the Class A1 Swap if (i) the Class A1 Swap Counterparty fails to fund when required to do so or (ii) a Class A1 Swap Ratings Event has occurred and remains in effect for a period of 30 days.

"Class A1 Note Amount" means, as of any date of determination, the aggregate principal amount of the Class A1 Notes issued and delivered by the Co-Issuers in connection with a Class A1 Note Funding minus the aggregate amount of any payments (other than payments of Periodic Interest) made to the Holders of the Class A1 Notes.

"Class A1 Note Funding Date" means the date of any Class A1 Note Funding.

"Class A1 Note Funding Request" means the notice substantially in the form required pursuant to the Class A1 Swap and delivered with respect to each Class A1 Note Funding by the Issuer (or the Manager on behalf of the Issuer) to the Class A1 Swap Counterparty.

"Class A1 Notes" means the Class A1 Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class A1 Requisite Ratings" means, with respect to any institution being appointed as the Class A1 Swap Counterparty or the guarantor of the Class A1 Swap Counterparty, that such institution has (a) short-term senior unsecured debt, deposit or similar obligations rated not lower than "P-1" by Moody's and long-term senior unsecured debt, deposit or similar obligations rated not lower than "A1" by Moody's, or, if such short-term senior unsecured debt, deposit or similar obligations are not rated by Moody's, then having long-term senior unsecured debt, deposit or similar obligations rated not lower than "Aa3" by Moody's, and (b) short-term senior unsecured debt, deposit or similar obligations rated not lower than "A-1+" by S&P, or, if such short-term senior unsecured debt, deposit or similar obligations are not rated by S&P, then having long-term senior unsecured debt, deposit or similar obligations rated not lower than "AA-" by S&P.

"Class A1 Swap Notional Amount—Average" for any Period is (a) the sum of the amount of the Class A1 Swap Notional Amount for each day during the Period divided by (b) the actual number of days in the Period.

"Class A1 Swap Ratings Event" means, with respect to the Class A1 Swap Counterparty, if the Class A1 Swap Counterparty's (or, if the Class A1 Swap Counterparty has a guarantor, such guarantor's) (a) short-term senior



unsecured debt, deposit or similar obligations are rated lower than "P-1" by Moody's or its long-term senior unsecured debt, deposit or similar obligations are rated below "A1" by Moody's, or, if such short-term senior unsecured debt, deposit or similar obligations are not rated by Moody's, the long-term senior unsecured debt, deposit or similar obligations are rated below "Aa3" by Moody's, or (b) short term senior unsecured debt, deposit or similar obligations are rated lower than "A-1+" by S&P, or, if such short-term senior unsecured debt, deposit or similar obligations are not rated by S&P, the long-term senior unsecured debt, deposit or similar obligations are rated below "AA-" by S&P.

"Class A2 Notes" means the Class A2 Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class A3 Notes" means the Class A3 Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class A4 Notes" means the Class A4 Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class B Notes" means the Class B Deferrable Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class C Component" means with respect to (a) all Class Q Combination Notes, U.S.\$2,500,000 principal amount of the Class C Notes and (b) with respect to any Class Q Combination Note, the portion of the Component referred to in clause (a) that bears the same proportion as the principal amount of such Class Q Combination Note bears to all Class Q Combination Notes then Outstanding.

"Class C Notes" means the Class C Deferrable Floating Rate Notes due 2052 issued by the Co-Issuers.

"Class Q Combination Note Notional Balance" means with respect to the rating of the Class Q Combination Notes by Moody's or S&P, an amount equal to (a) the Principal Balance—Aggregate of such Class Q Combination Notes as of the Closing Date *minus* (b) the excess of the aggregate amount of distributions paid to the Holders of the Class Q Combination Notes over the accrued interest due on the Class Q Combination Notes at the Periodic Interest Rate applicable to the Class Q Combination Notes *plus* (c) the excess of the accrued interest due on the Class Q Combination Notes at the Periodic Interest Rate applicable to the Class Q Combination Notes over the aggregate amount of distributions paid to the Holders of the Class Q Combination Notes.

"Class Q Combination Notes" means the Class Q Combination Notes due 2052 issued by the Issuer.

"Class S Notes" means the Class S Notes due 2015 issued by the Co-Issuers.

"Clearstream" means Clearstream Banking, société anonyme.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Co-Issued Notes" means each Class of Notes designated as such in the Principal Terms Table.

"Collateral Obligations" means, on any date of determination, the Eligible Collateral Debt Securities, Eligible Investments and any Equity Securities that form part of the Collateral that has been granted to the Trustee pursuant to the Indenture.

"Component" means, with respect to the Class Q Combination Notes, the Classes of Notes and/or the Income Notes specified as Components of such Class Q Combination Notes in the Principal Terms Table.

"Coverage Tests" means, at any time, the Interest Coverage Tests and the Principal Coverage Tests applicable to each Class of Secured Notes then Outstanding or to any specified Class or Classes of Secured Notes, as the case may be.

"Covered Short Available Spread Amount" means, as of any date of determination, (a) the Covered Short WAS Excess/Shortfall Amount multiplied by (b) the Weighted Average Life of the Eligible Collateral Debt Securities.

"Covered Short CDS Asset" means a Short CDS Asset for which there is a Covered Short Matching Long Position.

"Covered Short CDS Asset Additional Criteria" means, in the event that proceeds from the sales of any Covered Short CDS Assets are used to enter into or purchase Covered Short CDS Assets, the following criteria that also shall be satisfied as of the date of entry into or purchase of each such Covered Short CDS Asset:

- (a) the economic terms of the Covered Short CDS Asset and the related Covered Short Matching Long Position are substantially the same (except for their CDS Fixed Amounts per annum);
- (b) compliance with each of the Portfolio Quality Tests is maintained or improved immediately after the entry into or purchase of such Covered Short CDS Asset;

"Covered Short CDS Asset Collateral Account" means the account designated the "Covered Short CDS Asset Collateral Account" and established in the name of the Trustee on behalf of and for the benefit of the Secured Parties under the Indenture.

"Covered Short CDS Asset Counterparty" means, with respect to any Covered Short CDS Asset, the CDS Asset Counterparty under the related Covered Short Matching Long Position or any other eligible counterparty that is rated at least "A-1" by S&P.

"Covered Short CDS Asset Interest Payment" means, with respect to any Covered Short CDS Asset, a payment to the Issuer from the related Covered Short CDS Asset Counterparty following a determination that an "Interest Shortfall" (as defined in the related Covered Short CDS Asset) or similar event specified in the relevant confirmation with respect to the non-payment of a scheduled interest payment, in whole or in part, has occurred under the Covered Short CDS Asset.

"Covered Short CDS Asset Premium Amount" means, as of any date of determination and for each Covered Short CDS Asset, the product of (a) the excess of the Spread of such Covered Short CDS Asset over the Spread of the related Covered Short Matching Long Position, *multiplied* by (b) the CDS Reference Obligation Notional Amount for such Covered Short CDS Asset *multiplied* by (c) the Average Life of the CDS Reference Obligation under the related CDS Asset.

"Covered Short CDS Asset Premium Test" means a test that will be satisfied if, after entering into any Covered Short CDS Asset, either (a) the premium payable by the Issuer in respect of such Covered Short CDS Asset is equal to or less than the premium receivable by the Issuer with respect to an equivalent CDS Reference Obligation Notional Amount under the related CDS Asset or (b) the Covered Short CDS Asset Total Premium Test Amount is less than or equal to the Covered Short Available Spread Amount.

"Covered Short CDS Asset Total Premium Test Amount" means, as of any date of determination, the sum of the Covered Short CDS Asset Premium Amount for each Covered Short CDS Asset (including any Covered Short CDS Asset that the Issuer has committed to enter into or otherwise acquire).

"Covered Short CDS Criteria" means the following criteria, which shall be satisfied as of the date on which the Issuer makes a binding commitment to enter into or purchase the Covered Short CDS Asset:

- (a) if proceeds from the sales of any Covered Short CDS Assets are to be used to purchase or enter into any Covered Short CDS Assets, the Covered Short CDS Asset Additional Criteria shall have been satisfied;
- (b) the Covered Short CDS Asset Premium Test is satisfied;
- (c) the terms of the Covered Short CDS Asset will not require the Issuer to post any collateral in any circumstances other than its obligation to post collateral to any reimbursement reserve account in respect of such Covered Short CDS Asset to cover its reimbursement obligations pursuant to the

related confirmation and such required amounts shall be on deposit in the Covered Short CDS Asset Collateral Account;

(d) the acquisition (including the manner of acquisition), ownership, enforcement and disposition of such Covered Short CDS Asset will not cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes or otherwise be subject to tax on a net income basis in any jurisdiction outside the Issuer's jurisdiction of incorporation;

(e) the payments to the Issuer on the Covered Short CDS Asset are not subject to withholding tax unless the Covered Short CDS Asset Counterparty is required to make "gross-up" payments sufficient to cover any withholding tax imposed at any time on payments made to the Issuer with respect thereto; and

(f) compliance with each of the Portfolio Quality Tests shall be maintained or improved immediately after the entry into or purchase of such Covered Short CDS Asset.

"Covered Short Matching Long Position" means, with respect to any Covered Short CDS Asset, a CDS Asset (with the same or a different CDS Asset Counterparty) that provides to the Issuer credit exposure that is the opposite of the credit exposure of the related Covered Short CDS Asset, but which references the same CDS Reference Obligation in the same CDS Reference Obligation Notional Amount.

"Covered Short WAS Excess/Shortfall Amount" means, as of any date of determination, the amount (which may be negative) equal to (a) the excess of the Weighted Average Spread *minus* the Weighted Average Spread—Minimum, *multiplied by* (b) the Principal Balance—Portfolio, *multiplied by* (c) the result of 1 *minus* the S&P Scenario Default Rate applicable to the "AAA"-rated liabilities of the Issuer.

"Credit Improved Security" means any Eligible Collateral Debt Security that, in the reasonable business judgment of the Manager has significantly improved in credit quality since the date of purchase by the Issuer, *provided* that if a Moody's Trading Restriction Event has occurred and is continuing, then such Eligible Collateral Debt Security will be considered a Credit Improved Security only if it has also been upgraded by at least one rating subcategory by Moody's since it was purchased by the Issuer or has been placed on and is remaining, as of the date of the proposed sale thereof, on a watch list for possible upgrade by Moody's.

"Credit Risk Security" means any Eligible Collateral Debt Security that since the date of purchase by the Issuer, in the reasonable business judgment of the Manager, has a significant risk of declining in credit quality; *provided* that if a Moody's Trading Restriction Event has occurred and is continuing then such Credit Risk Security must have also been downgraded by at least one rating subcategory or been put on a watch list for possible downgrade by Moody's since it was acquired by the Issuer.

"Custodial Account" means an account titled "Custodial Account", established with a custodian in the name of the Trustee pursuant to the Indenture to which all Eligible Collateral Debt Securities will be credited.

"Defaulted CDS Asset Termination Payments" means any termination payment made on a Payment Date pursuant to the Priority of Payments required to be made by the Issuer to a CDS Asset Counterparty pursuant to the agreement relating to a CDS Asset in the event of a termination of such agreement in respect of which such CDS Asset Counterparty is the Defaulting Party or sole Affected Party (each as defined in the applicable agreement).

"Defaulted Interest" means any interest due and payable in respect of any Class of Notes and any interest on such Defaulted Interest which is not punctually paid or duly provided for on the applicable Payment Date or the Maturity Date—Stated.